

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: JANUARY 7, 2009

DEPARTMENT: CITY MANAGER

DIRECTOR: DOUGLAS A. SELBY

☐ Consent ☒ Discussion

SUBJECT:

ADMINISTRATIVE:

Report and possible action on the update on progress of the Fundamental Service Review following direction given by the City Council at the December 3, 2008 City Council Meeting

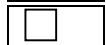
Fiscal Impact



No Impact



Augmentation Required



Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

In response to declining general fund revenues, on March 31, 2008, City management was directed by Council members to complete a fundamental review of City operations, programs, and services that are neither tied to the City key priorities nor fundamental operations. City management provided a report on the findings of the Fundamental Service Review and the City Council provided direction at the December 3, 2008 City Council Meeting. Staff will report on progress made on the Council's direction.

RECOMMENDATION:

Receive reports and direct staff accordingly

BACKUP DOCUMENTATION:

None

Motion made by GARY REESE to Approve with the following directions to staff:

A. Continue working with the collective bargaining units to come to a resolution to solve the City's immediate budget problems.

B. Accept the report.

C. Request that the City Manager set up a closed door labor negotiation briefing session for the Council in February.

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN,

CITY COUNCIL MEETING OF: JANUARY 7, 2009

GARY REESE, STEVEN D. ROSS, DAVID W. STEINMAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:

CITY MANAGER DOUG SELBY stated that the City had undertaken a Fundamental Service Review (FSR) in response to declining revenues. As recommended in the FSR, he noted in a resolution to create a Revenue Stabilization Fund had been approved earlier in the meeting. He added that action on other recommendation in the FSR would be addressed in Items 42 and 43.

ACTING DEPUTY CITY MANAGER MARK VINCENT explained that the City's forecasting model worked toward a balanced budget by Fiscal Year (FY) 2014. This planned approach to the recession would be reviewed every six months and the model and budget would be adjusted accordingly. Having just received the Consolidated Tax (C-tax) revenue for the four months of 2008, he acknowledged that the reductions in revenues were worse than the model forecast which could result in a \$12 million reduction in the City's revenues for this year. He would be reporting with a revised model in March to coincide with the City's Budget Workshops for FY 2010.

ACTING DEPUTY CITY MANAGER VINCENT stated that C-tax revenues had generally dropped in the months from July to November 2008 and explained that the slight increase in September 2008 had not been fully explained by the State. The C-tax provides approximately 48 percent of the City's revenues with property tax as the second largest revenue source. While current property tax revenues were following the economic model, he noted that a drop in property tax revenue was anticipated due to the continued fall in property values.

Regarding the Five-year Capital Improvement Plan (CIP), projects had been examined for impacts on staffing, operations and maintenance costs and that revisions had been made, resulting significant operation savings. Under the revised plan, staff from closed parks would be redeployed when those parks reopened, resulting in no increase in labor costs. Staff was still working on a plan to absorb the added operational costs without having to add new staff which would save the City approximately \$27 million over the next five years. He thanked staff from Fire and Rescue, Field Operations and Public Works for working with Finance staff to revise the CIP to save the City additional money. DEPUTY CITY MANAGER ELIZABETH FRETWELL added that the flexibility with the CIP to reassign employees to other projects gives the City additional resources to stave off potential future layoffs.

DEPUTY CITY MANAGER FRETWELL stated the Memorandum of Understanding (MOU) addressed in Item 42 represented a landmark agreement between the Las Vegas City Employees' Association (LVCEA) and the City. She explained that approval of the MOU would result in automatic cut in the Cost of Living Allowance (COLA) of one percent with an additional one percent reduction each of the following years if defined conditions occur. The MOU would extend the contract for three more years and would provide additional protection regarding layoffs by defining economic triggers for layoffs and clarifying where layoffs would occur. She noted the MOU would result in a 33 percent reduction in the City's labor costs growth rate and would help alleviate the budget shortfall. The City would save approximately \$23 million over

CITY COUNCIL MEETING OF: JANUARY 7, 2009

five years.

The City is in tentative agreement with the Las Vegas Peace Officers' Association (LVPOA) which will be presented for a vote of the membership. If the agreement passes, a subsequent item will be presented to the Council. She described the changes to the contract which included a reduction in the uniform allowance, a one percent reduction in COLA and reduction in the City's contribution to the HealthCare Trust. In exchange for those reductions, the agreement would give the LVPOA more flexibility in taking time off or vacations by allowing two shifts to take vacations. This agreement would result in net savings of approximately \$700,070 for the City.

Regarding the Las Vegas Police Protective Association (LVPPA), DEPUTY CITY MANAGER FRETWELL clarified that discussions with LVPPA only referred to City Marshalls and noted that work was still ongoing while the City's accounts and figures were verified by the LVPPA. The City's contract with the International Association of Firefighters (IAFF) would begin contract negotiations in February 2009. The upcoming contract negotiations present an additional challenge and a more definitive update will be presented in March.

The amounts saved by the tentative LVCEA and LVPOA differed in amounts due to the size of the labor units. The LVCEA represents over 1600 employees while the LVPOA represents approximately 220 employees.

COUNCILWOMAN TARKANIAN suggested that new hires have a smaller benefit package and MAYOR GOODMAN stated that benefits for new hires would be discussed with other collective bargaining issues during an upcoming closed session. DEPUTY CITY MANAGER FRETWELL clarified that as the LVCEA contract was being extended through the proposed MOU, any new hires would benefit from the current contract. She noted that contract included a reopener clause for particular benefit issues over the next four years.

COUNCILWOMAN TARKANIAN thanked the LVCEA and the LVPOA for stepping forward and assisting the City with its budget.

COUNCILMAN ROSS encouraged DEPUTY CITY MANAGER FRETWELL to make the reports on the City's financial position and its negotiations with its bargaining units plain and simple so the public and City employees can easily understand the reasons for the decisions made by the Council. DEPUTY CITY MANAGER FRETWELL agreed to work on how the information is communicated.

DEPUTY CITY MANAGER FRETWELL stated that she had met with SHERIFF DOUG GILLESPIE, Las Vegas Metropolitan Police Department (Metro), and MAYOR GOODMAN. SHERIFF GILLESPIE is working diligently on a cost containment model for remainder of FY2009 and is also putting together a zero growth budget for FY 2010. The Metro FY 2010 budget goals will not be attainable without concessions from its three bargaining units. Metro is continuing to work towards that goal and will be submitting its budget shortly to Clark County and the City. Additionally, she pointed out that the Metro Fiscal Affairs Committee disagreed with ACTING DEPUTY CITY MANAGER VINCENT'S fiscal forecast and had suggested it

CITY COUNCIL MEETING OF: JANUARY 7, 2009

was too optimistic.

DEPUTY CITY MANAGER FRETWELL explained that not all FSR recommendations had been implemented because the cost savings were not worth it. Approximately about 48 efficiency measures would not impact jobs and 19 recommendations were moving forward. Specifically, she described staff's work with the judges at Municipal Court to take better advantage of warrant service as a revenue source and assured the Council that a full report on the status of warrant service will be presented at the first meeting in March.

DEPUTY CITY MANAGER FRETWELL stated that the Voluntary Separation Program would be discussed in Item 42 and was another tool to help the City address its budget deficit. She recommended that a full report on the FSR be presented to the Council at the first meeting in March with updates on the implementation of the recommendations.

MAYOR GOODMAN thanked the remaining bargaining units for their on-going discussions with the City. He noted that salary and benefits for future employees would be discussed in future labor negotiations in order to protect the City's financial position and viability.

